

By: Gattis

H.B. No. 3784

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the prohibition on charging a prepayment penalty for a
3 home loan.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subchapter B, Chapter 343, Finance Code, is
6 amended by adding Section 343.106 to read as follows:

7 Sec. 343.106. PREPAYMENT PENALTIES PROHIBITED. A lender
8 may not make a home loan containing a provision for a prepayment
9 penalty.

10 SECTION 2. Sections 302.102 and 343.205, Finance Code, are
11 repealed.

12 SECTION 3. Section 343.106, Finance Code, as added by this
13 Act, applies only to a home loan closed on or after the effective
14 date of this Act. A home loan closed before the effective date of
15 this Act is governed by the law in effect when the loan was closed,
16 and the former law is continued in effect for that purpose.

17 SECTION 4. This Act takes effect September 1, 2009.